

Iowa Department of Human Services

Offer #401-HHS-002: Child Support Recovery Unit (CSRU)

Contact Information: Jeanne Nesbit, jnesbit@dhs.state.ia.us, (515) 281-8580

This offer is for:		This offer includes the following appropriations:
X	Status quo existing activity	CSRU, General Administration

Result(s) Addressed:

- Establish paternity so that children have two parents legally responsible for their care
 - Strengthen and support families
- Secure an order for support so that both parents have a legal duty to provide support
 - Strengthen and support families
- Maintain the percentage of child support collected in the month due so that a delinquency does not occur
 - Strengthen and support families
 - Safe and healthy environment for children
 - Adequate food
 - Family income
- Maintain total collections
 - Strengthen and support families
 - Safe and healthy environment for children
 - Adequate food
 - Family income

Program Description:

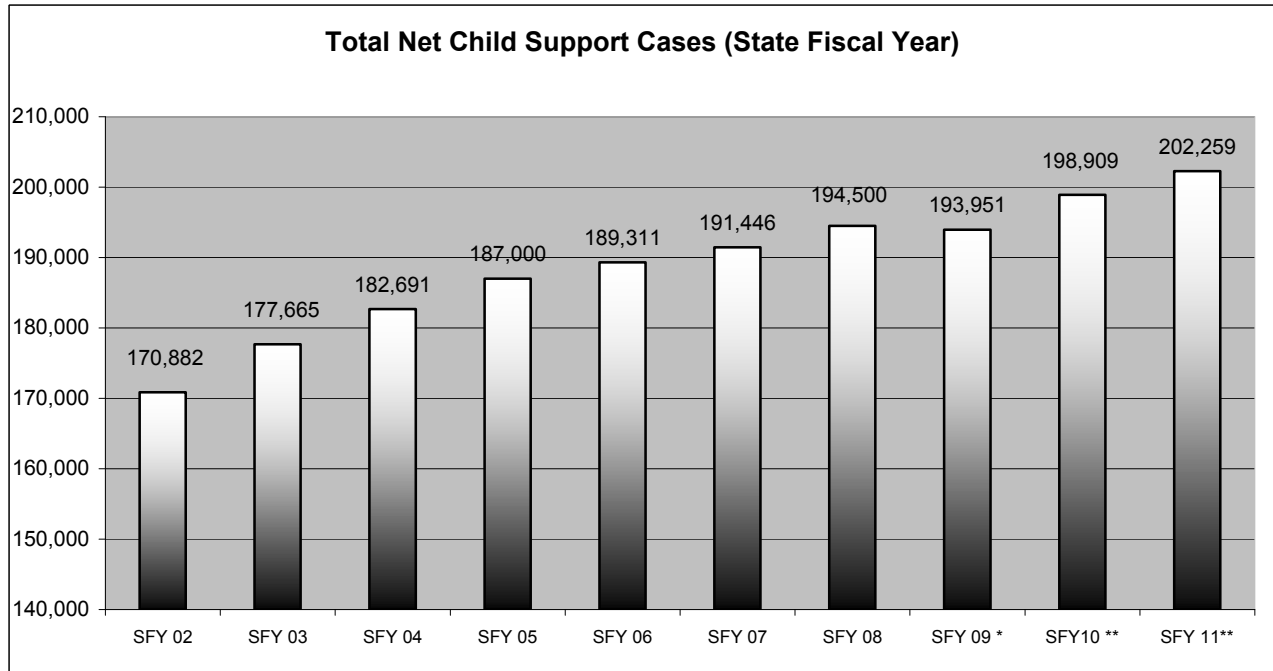
Who:

As required by Federal state plan requirements, CSRU serves people who are currently receiving medical assistance. Also served are people who are currently receiving FIP, who formerly received FIP, or who never received FIP and apply for our services and pay a \$25 application fee.

In SFY 2009, CSRU served 682,708 parents and children on 193,951 cases. Of these:

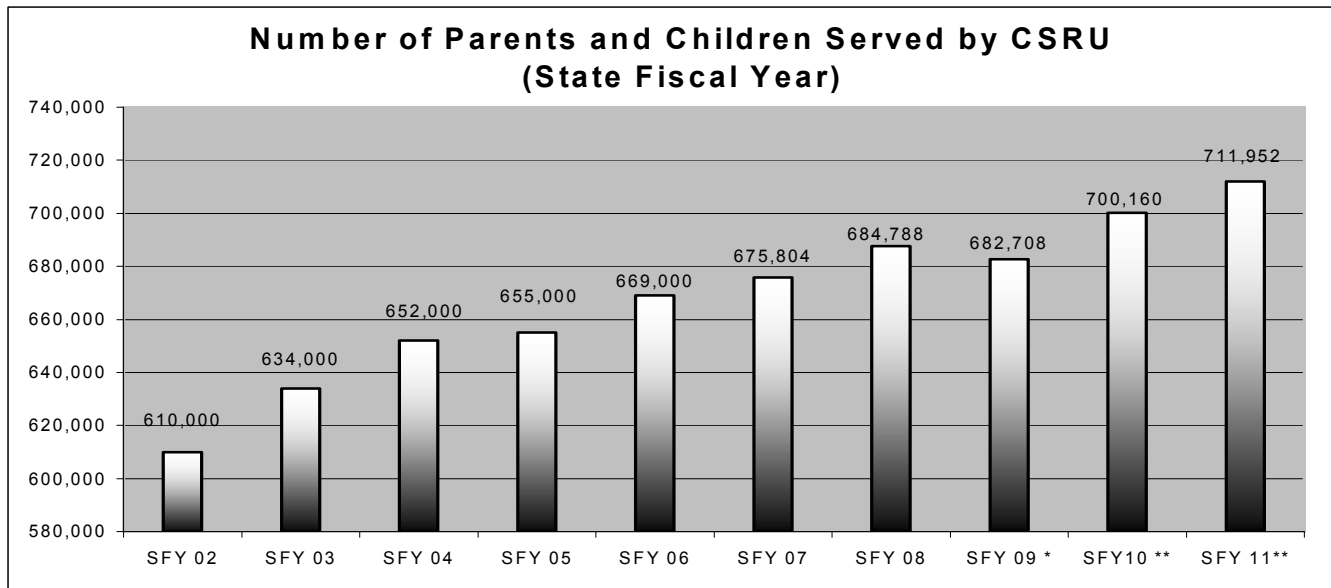
- 11 percent are currently receiving FIP
- 55 percent formerly received FIP
- 34 percent never received FIP

In SFY 2010, CSRU expects to serve 198,909 cases, serving 700,160 parents and children. By 2011, we expect a projected net increase of 3,351 cases representing approximately 11,792 additional parents and children.



* Refined method for removing duplicated caseload.

** Projected caseloads.



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There are two main issues driving the growth in the number of children in need of support. The first is the divorce rate, and the second is the increasing number of children born out of marriage.

What:

All states participating in the FIP/TANF and IV-E foster care programs must have a child support recovery program. CSRU locates staff across the State to ensure compliance with Federal and State requirements for establishment and enforcement of child and medical support. The State's required match for operating costs of the program is 34%.

CSRU establishes paternity in out-of-wedlock births so that two parents are legally responsible for the children, as well as establishing child support and medical orders, which creates the legal authority to collect support and enforce health insurance for children. Collections for public assistance families are assigned to the State to help reimburse taxpayer costs. Customers can apply to have child and medical support orders modified. There are also limited special services to facilitate access and visitation and other parental activities to address barriers to the payment of support.

The Federal Deficit Reduction Act of 2005 substantially changed the way CSRU establishes and enforces medical support orders. Final Federal regulations were received in July 2008 and were implemented on July 1, 2009 that mandates states to seek orders for medical support from either parent who has affordable health insurance. If health insurance is not available to either parent, CSRU will seek an order for cash medical support.

The Supreme Court issued new child support guidelines that were effective on July 1, 2009. The method now used to calculate child support obligations more clearly reflects how both parents' incomes are used to support their children. This method of calculating support along with the medical support changes significantly the way child support obligations are now established and modified.

Establish paternity so that children have two parents legally responsible for their care.

For those children born outside of marriage, paternity can be established in one of three ways by: signing a paternity affidavit, obtaining an administrative paternity order, or judicially establishing paternity.

CSRU provides training and information to many Iowa hospitals to educate hospital staff about the importance of encouraging parents to complete a paternity affidavit, which legally establishes paternity at the time of a child's birth. CSRU also assists parents in completing paternity affidavits in the local offices. If a paternity affidavit is officially filed with the Bureau of Vital Records, CSRU can proceed to pursue a support obligation for that child.

SFY 2009	
Paternity affidavits filed for all children born out of wedlock in Iowa	9,177

Secure an order for support so that both parents have a legal duty to provide support.

Court orders are the legal basis needed before support can be collected. Support can be established at the same time as a paternity order, or if paternity is already legally established, support can be obtained administratively or judicially. Orders that are established include both child support and medical support obligations.

SFY 2009	
Orders established for paternity and support	8,618
Total number of court ordered cases	164,781
Number of cases with medical support ordered	100,462

Improve the percentage of child support collected in the month due so that a delinquency does not occur.

Child support collections help families with children be self-sufficient. In order to do this, states must be able to locate payors and payors' income providers and assets and then identify and implement the processes that can be used to secure support. To assist as many families as possible, states must first have a high percentage of cases with orders established. Then, those states that also have a high percentage of current support collections are helping the most families become self-sufficient. Of the eleven states with the highest percentage of court ordered cases, Iowa ranks fourth in the percentage of current child support collected when the family needs it most, in the month it is due. Iowa is consistently ranked among the top 10 states for child support program performance.

States with the Highest Percentage of Court Ordered Cases**FFY 2007 –Audited Data***

	Percent of cases with orders
South Dakota	93.56%
Alaska	92.29%
Washington	89.97%
Wyoming	89.24%
Maine	88.90%
Utah	88.66%
Montana	88.49%
Pennsylvania	88.43%
North Dakota	87.10%
West Virginia	86.11%
Iowa	85.93%

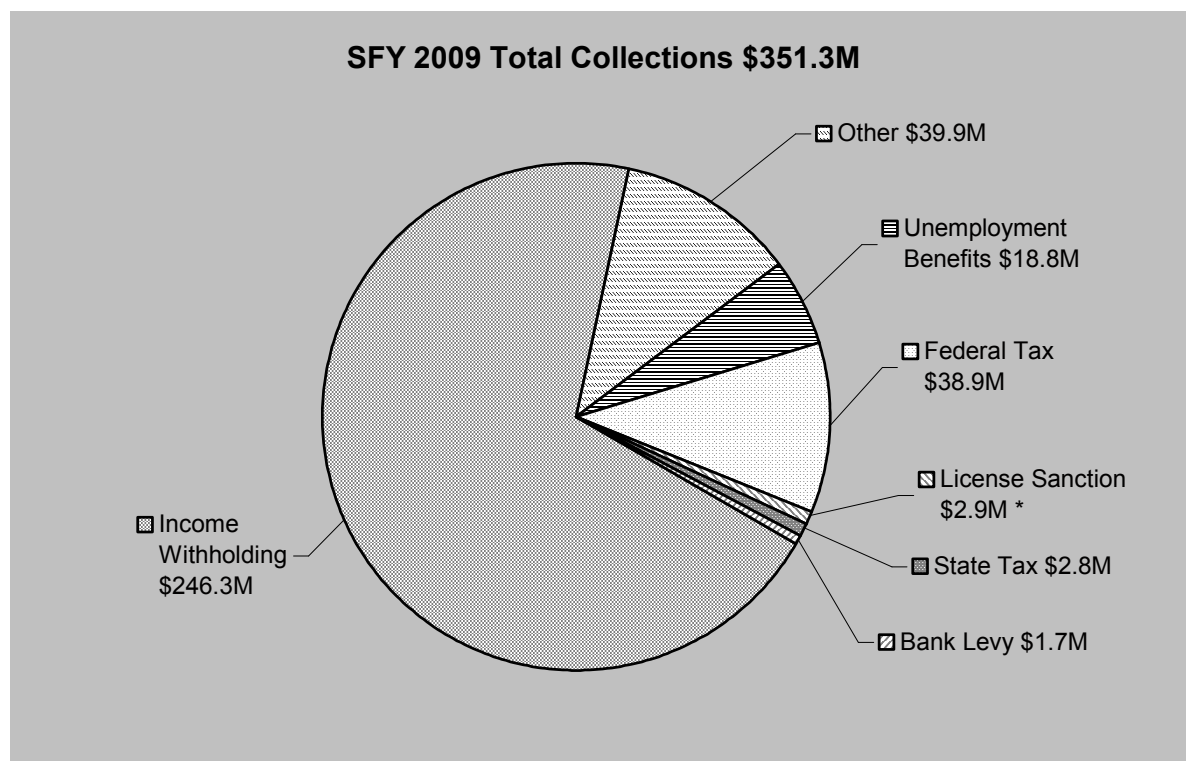
Current Collections of the States with the Highest Percentage of Court Ordered Cases**FFY 2007– Audited Data***

	Percent of current collections
Pennsylvania	77.96%
North Dakota	74.18%
South Dakota	71.13%
Iowa	68.18%
Wyoming	67.57%
West Virginia	66.36%
Washington	65.69%
Utah	64.92%
Montana	63.41%
Maine	60.99%
Alaska	56.62%

*The FFY 2008 audited report has not been released for all states. Iowa's FFY 2008 data has been Federally determined to meet data reliability standards. Iowa's FFY 2008 court ordered rate was 85.92% and Iowa's current support collections rate was 70.03%.

Improve total collections

About 70% of the total collections came from income withholding orders, which requires sending income withholding notices to secure the collections. In SFY 2009, employers reported over 745,285 newly hired employees, of which, income withholding collections were secured on almost 7 percent of these newly hired employees. Income withholding information and other collection methods are listed below:

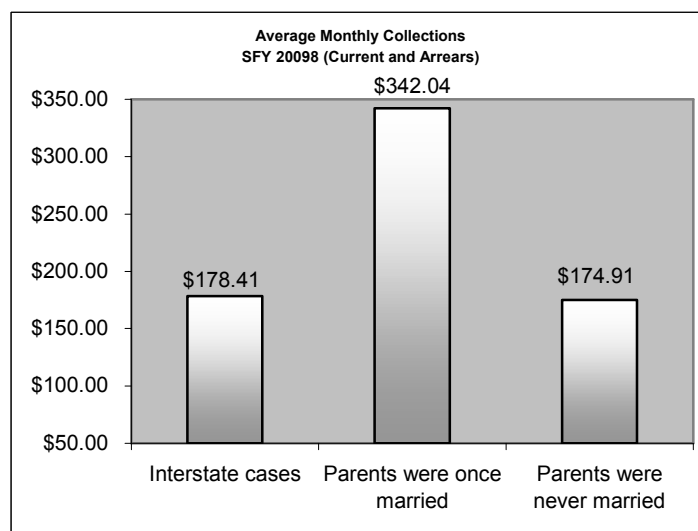
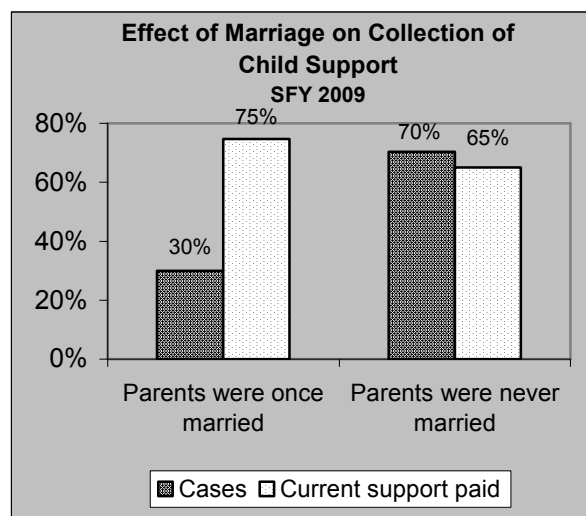


* License sanction collections are limited to collections received in the first 3 months after the official notice or the certificate of non-compliance is sent.

SFY 2009	Number of Actions
New income withholding orders filed	26,983
Income withholding notices sent to employers	143,029
Payors certified for Federal tax refund offset	72,835
Payors certified for state tax refund offset	105,111
Administrative levy notices sent to financial institutions to collect child support from bank accounts	6,527
License sanction notices issued to payors (driver's licenses, vehicle registration, fishing and hunting licenses, and professional licenses)	28,031
Notices sent to intercept insurance payments	813
Referrals to the US Attorney for Federal prosecution	257
Referrals to the Department of Revenue for those cases where other collection methods have been exhausted	5,104

Strategies used to improve collections are:

- Focus on customer service
- Enhance ability to locate payors and their assets
- Interstate focus
- Focus on an “easy to do business” relationship with employers



Other services provided

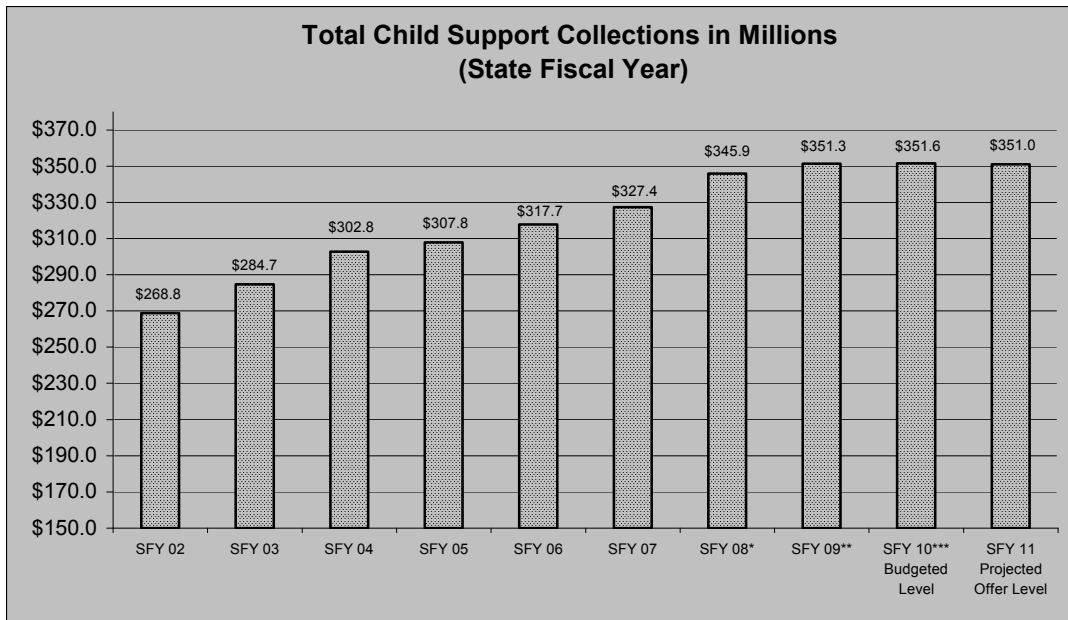
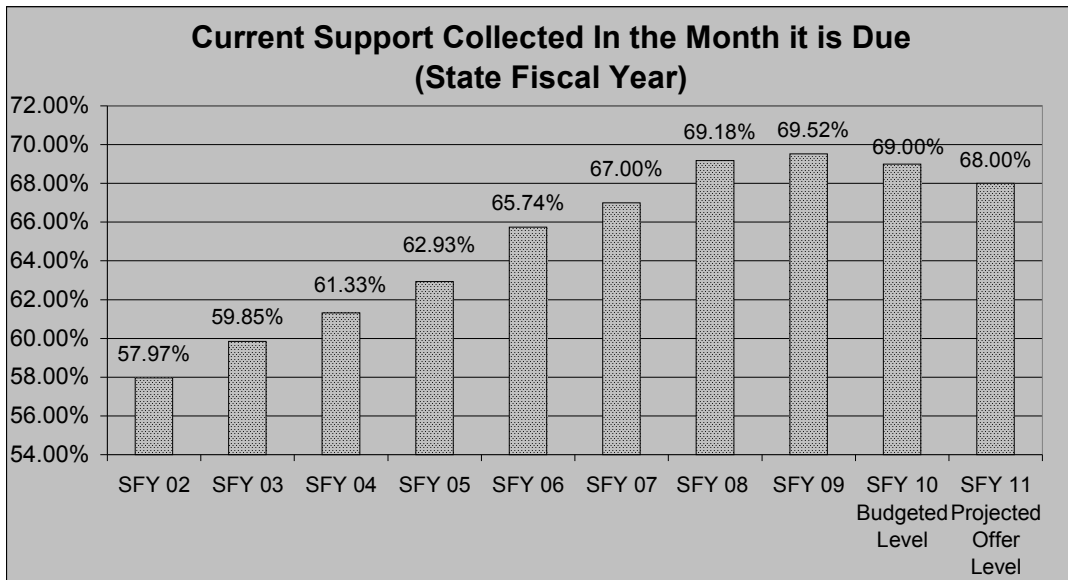
Support can be modified through four different processes including Review and Adjustment, Administrative Modification, Cost of Living Alteration, and Suspension of Support.

SFY 2009 Modifications	
Estimate of cases in which notices were sent for opportunity to review and adjust the court-ordered amount	50,768
Requests received and worked	7,843
Orders modified	4,789

Many aspects of Iowa’s CSRU are recognized either nationally or statewide as innovative ideas:

- Only state to establish a one-stop service center for employers and other income providers who withhold and remit support.
- Only state to establish a joint office with other states (Nebraska and Illinois) to enforce interstate cases.
- Recipient of an award for Exemplary Employer Website from the Federal Office of Child Support Enforcement.
- Received a competitive grant to transfer paper documents to electronic data transmittable with the Courts.
- Incorporated a statewide practice of focusing on customer service while establishing and modifying orders by using a holistic customer-friendly “Connections Equals Collections” approach.

- Received a competitive grant to data mine income withholding to develop payor groups by payment pattern to identify strategies to prevent a break in payments.



* Reflects one-time Federal economic stimulus payments received in the spring of 2008.

** Reflects one-time ARRA payment.

***Reflects one-time \$250.00 ARRA payment for certain Federal beneficiaries for Veterans.

The caseload has increased over **13** percent from SFY 2005 to 2009 while total collections have increased over **31** percent. Support collected in the month it is due has increased **20** percent over the same time period.

Increase in:	2005	2009	2005 to 2009 Percentage Increase
Caseload	187,000	193,951	3.7%
Current Support Paid in the Month Due	62.53%	69.52%	11%
Collections	\$299,700,094	\$351,332,073	17%

How:

CSRU is a statewide agency with 499.5 filled state and 57 filled county employees in 23 field offices located throughout the state, as well as centralized customer and employer call centers and a central operations, IT, and policy unit.

In order to secure the necessary orders of paternity and support, primary activities are locating individuals and their assets and applying this information to case actions. To achieve these results, CSRU utilizes various location matching methods with entities such as public utilities, cell phone companies, financial institutions, Federal and state parent locator sources, jails, prisons, the Courts and Accurant, an online location tool.

CSRU also works with employers, labor unions, Social Security Administration, and Iowa Workforce Development to obtain location and wage information.

CSRU also contracts with the Attorney General's office, counties across the state, genetic testing labs, process servers, financial institutions, hospitals, as well as other state agencies such as the Department of Justice, Department of Revenue, Department of Corrections, Department of Public Health, Department of Public Safety, and Iowa Workforce Development in order to meet our Federal performance requirements and to deliver these essential functions.

General Administration provides corporate oversight in the areas of fiscal, personnel and processing management for the more than 900 contracts in our program. General Administration also provides support in managing telephone systems in several of our offices, including our centralized customer call center and helps support our needs in technology by providing imaging maintenance, local area networks, servers, along with support for our Federally certified mainframe, which is the largest in state government. General Administration also provides a framework for legislative and constituent responses as well as assisting in processing necessary rules changes.

American Recovery and Reinvestment Act Impact

Congress restored the ability to secure a 66% program match on earned child support incentives. This temporary restoration is effective from October 2008 to September 2010. The General Assembly transferred out a portion of the additional amount to be earned in SFY 2010 to other areas of DHS and reduced the child support general fund amount.

The General Assembly returned \$1.6M for CSRU in SFY 2010. The last quarter of the temporary match to be earned in SFY 2011 is \$1.1M and is budgeted in child support.

Offer Description:

When parents do not live in the same household, income from both parents is needed to provide for a child's basic needs. CSRU secures paternity and orders for support and then enforces the orders. Monthly child support income strengthens and supports Iowa families to be able to provide these basic needs. Without this important income, parents struggle to provide a safe and healthy environment and adequate food for their children. Some parents must seek help from FIP and Medicaid.

Of the child support payments CSRU collects, a small percentage is required to be used to reimburse the State of Iowa and Federal government for FIP expended. The majority of the support collected is sent directly to families. The average current support collection for cases enforced by CSRU is just over \$216.00* monthly. When CSRU is able to collect the entire amount of the obligation, it helps address in part the \$167.08* average monthly grocery bill and \$122.83 average monthly health care expenses for low-income families.

**This information obtained from Consumer Expenditures in 2007, U.S. Department of Labor, U.S. Bureau of Labor Statistics, Report 998, February 2008.*

Today's Activities and Results:

CSRU's goal is to meet our Federally required performance measures and the needs of our customers despite the recession.

In an effort to maintain performance levels of service for our customers, we are working to address the sharp caseload growth expected beyond 2009. CSRU is expecting to experience a net caseload growth of 4,958 cases in SFY 2010 and are cautiously optimistic about the projection of not more than a net caseload growth of 3,351 cases in SFY 2011.

Along with this large caseload growth, we expect to see an increased need for providing court order establishment services to 75% of our new customers. The process of establishing a court order requires the service of process, establishment of paternity, the gathering of financial information, setting support according to the Supreme Court guidelines and in some cases, court hearings to settle disputes. We anticipate this growing establishment caseload will impact our ability to maintain our percentage of cases with a court order performance goal in SFY 2011.

In order to meet the demands of customers with the limited resources we have, it is necessary to find efficiencies through streamlining efforts and operations efficiencies. These efficiencies are necessary in order to sustain current levels of service with a reduced staffing level.

Along with the challenges of maintaining current levels of service to our customers within a difficult economy, on July 1, 2009, CSRU implemented new child support guidelines and medical support mandates, as required by Federal regulations. Although impacts from these new mandates are expected, their implementation is still too recent for us to be able to define the impact for SFY 2011.

We are also experiencing a noticeable increase in customer requests to have their court orders reviewed and adjusted, which is consistent with the recession. Customers are pointing out concerns with the current process in regard to the length of time it is taking to complete the requests. Increased caseloads and further demands on resources will only serve to magnify this issue.

We have also seen a dramatic increase in the payments being received from unemployment benefits along with a decline in the new employer hires.

Offer Justification:

Legal Requirements:

Federal:

All states must provide child support services in order to receive Federal TANF funds.¹ Iowa's TANF funds are approximately \$131M annually. In addition, no less than 90% of the children served by the child support program must have paternity established to avoid a penalty to the state's Federal TANF funds.² TANF funds are used to support FIP.

State:

CSRU must provide establishment and enforcement services for public assistance and non-assistance cases.³

Rationale:

This offer seeks funding for increased operating costs. CSRU will meet the challenges related to increases in our customer base through implementation of strategies that will streamline the establishment and enforcement processes, including a targeted approach to management of the caseload.

Many families rely on the monthly child support they are receiving in order to provide for the basic needs of their children. Dependable monthly child support payments are essential for children.

Results:

- Secure \$322.5M for families, \$26.4M estimated for FIP, and \$2.1M for Foster Care (state and Federal portions).

Result:	SFY 2009 Actual Level	SFY 2010 Budgeted Level	SFY 2011 Offer Level
Percentage of cases with paternity established so that children have two parents legally responsible for their care. <ul style="list-style-type: none"> Strengthen and support families 	90%	90%	90%
Percentage of cases with a court order so that there is an obligation to provide support. <ul style="list-style-type: none"> Strengthen and support families 	84.96%	85%	82%

¹ 42 U.S.C. 602(a)(2)

² According to TANF Maintenance of Effort (MOE) requirements.

³ The laws, rules and regulations governing the activities of CSRU are found at Iowa Code Chapter 252B, 252D, and 252E, and IAC – Chapters 95, 96, 97, 98 and Iowa Code Chapter 252F Iowa Administrative Code 441-99.21 through 99.32.

Percentage of child support collected in the month due and not delinquent. <ul style="list-style-type: none"> • Strengthen and support families • Safe and healthy environment for children • Adequate food • Family income 	69.52%	69%	68%
Total Collections <ul style="list-style-type: none"> • Strengthen and support families • Safe and healthy environment for children • Adequate food • Family income 	\$351.3M*	\$351.6M**	\$351.0M

* Reflects one-time ARRA payment.

** Reflects one-time \$250.00 ARRA payment for certain Federal beneficiaries for Veterans.

Sustaining operations assumes the level of funding requested in the offer as well as full funding of salary adjustment. If salary adjustment funding is not received for SFY 2011, this would be the equivalent of the loss of an estimated 37 CSRU FTEs and 1.09 General Administration FTEs. If funding is insufficient in either area, results to be achieved will be modified to reflect the impact. This offer also assumes no further changes to the policy base.